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United States Department of State

Washington, D. C. 20520

RELEASED IN PART

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B1,A5

January 27, 1983

BRIEFING MEMORANDUM
SECRET

S/S

TO: The Secretary

FROM: EA - Paul Wolfowitz

SUBJECT: Your (Unscheduled) Courtesy Call on Communist Party
General Secretary Hu Yaobang

United States Department of State
Office of FOI, Privacy, & Classification Review
Review Authority: MARTENS, R.
Date 09/28/95
Case ID: 9400571

PW/PJ

I. OBJECTIVES

1. Affirm importance US attaches to your visit and to a broader and expanding relationship with the PRC.
3. Note US encouragement for China's decision to reorient its economy toward decentralization, productivity, and the market (Talking Points attached).
4. Express hope that Hu will come to US at unspecified time (Talking Points attached).

II. SETTING

You do not have a scheduled call on Hu.

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If a "courtesy call" is granted, it will probably spill over into a substantive exchange. We believe, however, that you can draw on themes similar to those used in your talks with Deng and Premier Zhao; accordingly, we have provided only a few brief suggestions in this memorandum.

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III. PARTICIPATION

US

The Secretary
Ambassador Arthur Hummel
EA - Paul Wolfowitz
PA - John Hughes
PM - Jonathan Howe
DOD/ISA - Richard Armitage
S - Raymond Seitz
NSC- Gaston Sigur
DCM -Charles Freeman
EA/C - William Rope
Ms. Vivian Chang (Interpreter)
Two Embassy Notetakers

Chinese

General Secretary Hu
Yaobang
Other Chinese Officials

IV. PRESS ARRANGEMENTS

If the meeting takes place, there will be a photo opportunity at the beginning of the session.

Drafted:EA/C:RHowarth
1/27/83 x26300 W5494C

Cleared:EA/C:WFRope
EA:TPShoesmith

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V. DISCUSSION OF OBJECTIVES

Note US encouragement from Chinese decision to reorient its economy toward decentralization, productivity, and the market.

A mark of the Deng reform program has been decentralization of the economy with emphasis on productivity and serving the market. The "iron rice bowl" system, under which someone was guaranteed lifetime employment irrespective of output, is on the way out. This took political courage; those who benefitted from the previous, Maoist system are unhappy, but material incentives and the right to retain earnings after quotas have been met are fostering rising personal incomes, particularly in rural areas. For the US, the importance of the new orientation lies in the habits of mind it will engender which hold out the promise of better mutual understanding.

--In discussions with some of your colleagues, I have gone over some of the problems of the LDC's. Personally, believe that the greatest problem is leadership priorities which stifle productivity.

--Karl Marx said that wealth of country lay in its people. This true if people productively employed. Unemployment and underemployment greatest enemies to creation of wealth.

--Pleased that Chinese leadership not only understands this but has courage to act. Adjustment from uneconomic structures always painful (e.g. Sadat in Egypt), but day comes when price of uneconomic activity too high. Better to do sooner than later.

--You are aiming high. Goal of quadrupling GNP by 2000 is exceedingly ambitious and will be unprecedented if achieved, but better to have high than mediocre goals.

--US going through vexing recession; making progress; will try to keep US market open to Chinese products to help your economy. Am trying to put problems here in perspective of broader relationship, important to us both.

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Express hope that Hu will visit US at unspecified time.

Given Hu's leadership position, it would be helpful for him to visit the US to see how we live and work at first hand. Such a visit would fit in with our goal of fostering the exchange of high level leaders. Owing to the need to nail down the Zhao visit and offer an appropriate US countervisitor, we cannot offer Hu a specific invitation at this time.

--Have certainly enjoyed my first visit to your country and the opportunity to meet with your leaders and observe your people in action.

--Believe visits by leaders play important role in forming correct perceptions of each other's country. Am issuing Presidential invitation to Premier Zhao; hope he will be able to come and hope, at an appropriate time, we will see you in Washington.

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